

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	RELEASE BY SECURED PARTY		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
CapitalSource Finance LLC		02/16/2006	LIMITED LIABILITY COMPANY: DELAWARE
RECEIVING PARTY DATA			
Name:	Daticon, L.L.C.		
Street Address:	3933 Lake Washington Blvd. NE		
Internal Address:	Plaza at Yarrow Bay, Suite 200		
City:	Kirkland		
State/Country:	WASHINGTON		
Postal Code:	98033		
Entity Type:	LIMITED LIABILITY COMPANY: MINNESOTA		
PROPERTY NUMBERS Total: 5			
Property Type	Number	Word Mark	
Registration Number:	2819370	DATICON DISCOVERY ONDEMAND	
Registration Number:	2658196	DATICON	
Registration Number:	2760446	INTELLIGENT CODING SYSTEM	
Registration Number:	2785371	VIRTUAL PARTNER	
Registration Number:	3389730	DATIVISION INTELLIGENT ELECTRONIC DATA DISCOVERY	
CORRESPONDENCE DATA			
Fax Number:	(312)706-9000		
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>			
Phone:	312-701-8755		
Email:	cmackey@mayerbrown.com, ipdocket@mayerbrown.com		
Correspondent Name:	Christopher C. Mackey, Mayer Brown LLP		
Address Line 1:	PO Box 2828		
Address Line 4:	Chicago, ILLINOIS 60690		

OP \$140.00 2819370

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ATTORNEY DOCKET NUMBER:	04235504
NAME OF SUBMITTER:	Christopher C. Mackey
Signature:	/CCM/
Date:	09/14/2010

Total Attachments: 57

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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Daticon, L.L.C.

Marks: See below

Serial Nos.: See below


Filing Dates: See below

Mail Stop Assignment Recordation Services
Director of the United States Patent and Trademark Office
P. O. Box 1450
Alexandria, VA 22313-1450

REQUEST TO RELEASE EXTINGUISHED SECURITY INTERESTS

Daticon, L.L.C. respectfully requests that the records of the United States Patent and Trademark Office ("PTO") be updated to reflect the extinguishment of security interests in the following registrations.

<u>Mark</u>	<u>Serial No.</u>	<u>Reg. No.</u>	<u>Filing Date</u>	<u>Security Interest Granted On:</u>
DATICON DISCOVERY ONDEMAND	76/504927	2819370	Apr. 7, 2003	Sept. 05, 2003
DATICON	76/220588	2658196	Mar. 06, 2001	Sept. 05, 2003
INTELLIGENT CODING SYSTEM	76/259161	2760446 (Supplemental Register)	May 18, 2001	Sept. 05, 2003
VIRTUAL PARTNER	76/235820	2785371	Apr. 5, 2001	Sept. 05, 2003

<u>Mark</u>	<u>Serial No.</u>	<u>Reg. No.</u>	<u>Filing Date</u>	<u>Security Interest Granted On:</u>
 DATIVISION INTELLIGENT ELECTRONIC DATA DISCOVERY (and Design)	78/502652	3389730	Oct. 20, 2004	Jan. 3, 2006

Daticon, L.L.C. is the owner of the above-referenced registrations (the “Trademarks”), among others. The Trademarks were once owned by Daticon, Inc., which obtained financing from CapitalSource Finance (“CapitalSource”) by granting security interests in those registrations to CapitalSource. CapitalSource entered into an Acknowledgement of Intellectual Property Collateral Lien dated September 5, 2003 and a First Amendment to Acknowledgment of Intellectual Property Collateral Lien dated January 3, 2006 (collectively, the “Security Agreements”) with Daticon Holding Corporation, Daticon Acquisition Corp., and Daticon, Inc. (collectively, “Daticon, Inc.”). In connection with the Security Agreements, Daticon, Inc. granted and pledged to CapitalSource first-priority security interests in and liens upon all right, title and interest in, to and upon the Trademarks, including without limitation all rights corresponding thereto throughout the world and all renewals, reissues, continuations, and extensions thereof, all proceeds of license royalties and infringement suits, the right to sue for past, present and future infringement or dilution and all rights corresponding thereto in the United States, and the goodwill associated with each of the

Trademarks. The security interests were recorded in the PTO at reel/frame 2844/0813 and 3223/0562 on October 17, 2003 and January 10, 2006, respectively.

On January 17, 2006, Daticon, Inc. filed for bankruptcy in the Bankruptcy Court of the District of Connecticut (Case No. 3:06-bk-30034). In February of 2006, Xiotech Corporation ("Xiotech") purchased Daticon Inc.'s assets, including intellectual property, out of bankruptcy pursuant to an Amended and Restated Asset Purchase Agreement dated February 14, 2006 (the "APA"), a true and correct copy of which is attached hereto as Exhibit 1. Section 2.1(f) of the APA provides that Xiotech purchased "free and clear of all Liens . . . All Intellectual Property, including those set forth in Schedule 2.1(f)." Schedule 2.1(f) specifically lists the Trademarks in the chart above.

In an order dated February 16, 2006, the Bankruptcy Court approved the sale of Daticon Inc.'s assets to Xiotech free and clear of all liens (the "Order"). *See, e.g.*, Section A on page 9 of the Order (stating that, "The Amended and Restated Asset Purchase Agreement and the Sale are hereby approved in all respects."). A true and correct copy of the Order is attached hereto as Exhibit 2. The Order also provides that the assets purchased by Xiotech "shall be free and clear of Liens." *See* Section C on page 10 of the Order; *see also* Section I on page 12). Indeed, Section G on page 11 of the Order clearly states that the Order:

is and shall be effective as a determination that, upon Closing, all Liens existing as to the Purchased Assets conveyed to the Purchaser, other than the Permitted Liens, have been and hereby are adjudged and declared to be unconditionally released, discharged, and terminated, and (b) shall be binding upon and govern the acts of all entities, including, without limitation . . . governmental departments or units.

Thus, the APA and the Order indicate that Xiotech purchased Daticon Inc.'s assets free and clear of all liens. CapitalSource's liens then transferred to the proceeds that Daticon Inc. obtained from the sale of its assets. *See* Paragraph 8 on Page 8 of the Order. As evidenced by

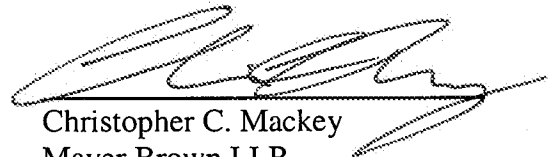
the PTO's assignment records for the Trademarks, Xiotech later assigned the Trademarks to Daticon, L.L.C., which was created as a separate and distinct entity from Daticon, Inc. Therefore, the liens on the Trademarks were extinguished in 2006, but the PTO records were simply not updated to reflect that. To update and correct the PTO's assignment records, the current owner of the Trademarks, Daticon, L.L.C., respectfully submits that this filing and the two Exhibits attached hereto demonstrate that CapitalSource no longer has security interests in the Trademarks. Accordingly, Daticon, L.L.C. respectfully requests that the PTO records be updated to reflect the release of the extinguished security interests in the Trademarks.

Should the PTO have any questions, please contact the undersigned.

Respectfully submitted,

Dated: September 14, 2010

By:



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EXHIBIT 1

**AMENDED AND RESTATED
ASSET PURCHASE AGREEMENT**

THIS AMENDED AND RESTATED ASSET PURCHASE AGREEMENT, made and entered into as of February 14, 2006 ("Effective Date"), by and among DATICON, INC., a Delaware corporation ("Seller"), and XIOTECH CORPORATION, a Minnesota corporation ("Buyer"), provides:

RECITALS

Seller owns and operates a document management and processing business ("Business"), including that operated from a leased corporate headquarters facility located in the front premises at 11 Stott Avenue, Norwich, Connecticut ("Leased Facility"). On January 17, 2006, Seller filed a voluntary Chapter 11 petition in the United States Bankruptcy Court for the District of Connecticut. Prior to the Effective Date, Seller engaged in extensive efforts to market the assets of the Business. Seller desires to sell to Buyer substantially all of the assets of Seller relating to the Business and Buyer desires to purchase such assets all on the terms and conditions set forth below, and Buyer has evidenced to Seller's satisfaction its financial ability to consummate this transaction on the terms and conditions set forth herein.

ARTICLE I - DEFINITIONS

All terms which are defined in the preceding preamble and recitals of this Agreement shall, when used in this Agreement, have the meanings ascribed to them in such preamble and recitals. All other initially capitalized terms used in this Agreement shall have the following meanings:

1.1 "365 Order" shall mean a Final Order approving the assumption and assignment pursuant to Section 365 of the Bankruptcy Code of the Assumed Contracts, which Final Order shall provide that each Assumed Contract (i) is transferred to Buyer and (ii) shall remain in full

force and effect for the benefit of Buyer notwithstanding any provision in such contract or lease (including those described in Sections .365(b)(2) and (f) of the Bankruptcy Code) that prohibits such assignment or transfer.

1.2 **"Accounts Receivable"** shall mean the accounts, other accounts receivable, and other noncash assets arising out of the operation or conduct of Seller's Business as of the Closing Date.

1.3 **"Affiliate"** shall mean any Person that directly or indirectly controls, or is controlled by, or is under common control with, another Person. For purposes of this definition, the term "control" (including the terms "controlling", "controlled by" and "under common control with") of a Person shall mean the possession, direct or indirect, or the power to vote five percent (5%) or more of the voting stock of such Person or the power to direct or cause the direction of the management and policies of such Person by contract or other agreement.

1.4 **"Agreement"** shall mean this Amended and Restated Asset Purchase Agreement, together with all Schedules and Exhibits attached hereto, as any of the foregoing may be amended from time to time.

1.5 **"Approval Order"** shall mean the order of the Bankruptcy Court described in Section 5.5(f).

1.6 **"Assumed Contracts"** shall have the meaning ascribed to it in Section 3.1(b).

1.7 **"Assumed Liabilities"** shall have the meaning ascribed to it in Section 3.2.

1.8 Intentionally Omitted.

1.9 **"Bankruptcy Case"** shall mean the Chapter 11 case filed by Seller in the Bankruptcy Court on the Petition Date.

1.10 **"Bankruptcy Code"** shall mean Title 11 of the United States Code, 11 U. S.C.

Sections 101 *et seq.*

1.11 "Bankruptcy Court" shall mean the United States Bankruptcy Court for the District of Connecticut.

1.12 Intentionally Omitted.

1.13 Intentionally Omitted.

1.14. "Closing" shall have the meaning ascribed to it in Section 5.1.

1.15 "Closing Date" shall mean the date on which the Closing occurs.

1.16 "Contracts" shall mean all leases, Licenses and executory contracts that are or may be executory contracts or unexpired leases under Section 365 of the Bankruptcy Code.

1.17 "Deposit" shall have the meaning ascribed to it in Section 4.1.

1.18 "Employee Plan" shall mean any employee benefit plan, practice, and program of Seller, whether or not governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA") including not limited to: (i) all retirement, savings and other pension plans; (ii) all health, dental, severance, life insurance, accidental death and dismemberment, business travel insurance, worker's compensation, disability, salary continuance, and other employee welfare plans or practices; and (iii) all employment, vacation, sick leave and other similar plans or practices, all bonus, stock option, stock purchase, incentive, deferred compensation, supplemental retirement, severance and other employee benefits plans, programs or arrangements, and all employment or compensation arrangements, in each case for the benefit or relating to current and former employees and their dependents of Seller.

1.19 "Employee Liabilities" shall mean all liabilities of Seller that, as of the Closing Date, have accrued and remain unpaid with respect to any Hired Employee (i) for wages or salary; (ii) for commissions; and (iii) under any Employee Plan that constitutes a Purchased Asset.

1.20 "Environmental Liabilities" shall mean any and all environmental liabilities, assessments, charges, costs, penalties or other obligations arising from any federal, state or local statute, rule, regulation, ordinance or code or from the common law or equity, arising from circumstances or Hazardous Materials occurring prior to the Closing Date which are associated with the Purchased Assets and/or any such liabilities arising out of the Purchased Assets.

1.21 "Estimated Assumed Liabilities" shall mean Seller's good faith estimate of the amount of the Assumed Liabilities as of the Closing Date reported in writing to Buyer not later than three business days prior to the Closing Date.

1.22 "Excluded Assets" shall have the meaning ascribed to it in Section 2.2.

1.23 "Excluded Liabilities" shall have the meaning ascribed to it in Section 3.3.

1.24 "Facility Lease" shall mean the lease agreement between Seller and Hilltop Investments, LLC, and all schedules, attachments and amendments thereto, regarding the Leased Facility.

1.25 "Final Order" shall mean an order entered by the Bankruptcy Court or a court of competent jurisdiction that may hear appeals from the Bankruptcy Court which is no longer subject to the imposition of any stay pending rehearing, appeal or any other stay, or subject to review, reversal, modification or attack by rehearing, appeal, review or writ of certiorari.

1.26 "Final Closing Statement" shall have the meaning ascribed to it in Section 4.5(a).

1.27 "Final Payment" shall have the meaning ascribed to it in Section 4.5(a).

1.28 "GAAP" shall mean U.S. generally accepted accounting principles consistently applied.

1.29 "Governmental Authority" shall mean any federal, state, local or foreign government or any subdivision, agency, instrumentality, authority, department, commission, board or bureau

thereof or any federal, state, local or foreign court, tribunal or arbitrator (including the Bankruptcy Court).

1.29A "Hilltop Master Equipment Lease" shall mean the master equipment lease effective as of December 30, 2002 between Seller and Hilltop Investments LLC and all schedules, attachments and amendments thereto regarding various computer equipment located at the Leased Facility.

1.30 "Hired Employee" means any employee of Seller as of the Closing Date to which Buyer extends an offer of employment that is accepted by such employee not later than fifteen (15) days after the Closing Date.

1.31 "Intellectual Property" shall mean (i) all inventions (whether patentable or not patentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, together with all reissuances, divisions, continuations, continuations-in-part, revisions, renewals, extensions and reexaminations thereof, (ii) all registered and unregistered trademarks, service marks, trade dress, logos, trade names and corporate names, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations and renewals in connection therewith, (iii) all works of authorship, including all copyrightable works, all copyrights, and all applications, registrations and renewals in connection therewith and all moral rights, (iv) all databases, data compilations and data collections, (v) all trade secrets and confidential information (including ideas, research and development, know-how, processes, methods, techniques, technical data, designs, drawings, specifications, customer and prospect and other mail lists, supplier and vendor lists, pricing and cost information, manuals, and business, technical and marketing plans and proposals), (vi) all domain names, web addresses and websites, (vii) all proprietary computer

software, source code and object code, whether embodied in software, firmware or otherwise (including related data and documentation), (viii) all other intellectual property and proprietary rights, and (ix) all copies and tangible embodiments and expressions of all of the foregoing (i) through (viii) in any form or medium, and all improvements and modifications thereto and derivative works thereof.

1.32 "Law" shall mean any federal, state, local or foreign order, .it, injunction, decree, ordinance, award, stipulation, statute, judicial or administrative doctrine, rule or regulation enacted, promulgated, issued or entered by a Governmental Authority, including the Bankruptcy Code.

1.33 "Licenses" shall have the meaning ascribed to it in Section 3.1(c).

1.34 "Liens" shall mean all title defects or objections, mortgages, liens, claims, interests, charges, pledges, rights of setoff, or other encumbrances of any nature whatsoever, including licenses, leases, chattel or other mortgages, collateral security arrangements, pledges, security interests, equity interests, conditional and installment sales agreements, equitable interest, option, warrant, right of first refusal, easements, profit, servitude, right of way, covenant, encroachments, zoning or other restrictions, of any kind and other title or interest retention arrangements, reservations or limitations of any nature, other than Permitted Liens.

1.35 "Material Adverse Effect" shall mean any change, event or circumstance, individually or in the aggregate, that has had or could reasonably be expected to have a material adverse effect on (i) customer relations; (ii) retention of management personnel; (iii) the ability of Seller to consummate any of the transactions contemplated by this Agreement, (iv) the ability of Seller to obtain the use of sufficient cash collateral or sufficient debtor in possession financing to operate the Business after the commencement of the Bankruptcy Case in substantially the same manner as it was operated prior to such material adverse effect, or (v) the ability of Buyer to operate the Business after the Closing in substantially the same manner as it was operated prior to

such material adverse effect.

1.36 **Intentionally Omitted**

1.37 **"Permit"** shall mean any permit, license or consent issued by any Governmental Authority or pursuant to any Law.

1.38 **"Permitted Liens"** shall mean any Liens that (i) are approved in writing by Buyer or (ii) are set forth on Schedule 1.38.

1.39 **"Permitted Name Use"** shall mean the use of the name "Daticon" as (a) a party in an adversary proceeding or contested matter filed in the Bankruptcy Court, (b) in the context of a "formerly known as" designation in order to provide adequate notice to creditors and equity security holders in connection with the conduct of the Bankruptcy Case, and (c) in connection with any federal, state or local government agency or any proceeding associated therewith.

1.40 **"Person"** shall mean any individual, general partnership, limited partnership, limited liability company, joint venture, corporation, trust, unincorporated organization, Governmental Authority or other entity.

1.41 **"Petition Date"** shall mean January 17, 2006.

1.42 **"Purchase Price"** shall have the meaning ascribed to it in Section 4.2.

1.43 **"Purchased Assets"** shall have the meaning ascribed to it in Section 2.1.

1.44 **"Relational Lease"** shall mean the master lease agreement between Seller and Relational, LLC, and all schedules, attachments and amendments thereto, regarding certain computer and peripheral equipment located at the Leased Facility.

1.44A **"RM Holdings Lease"** shall mean that certain lease agreement between Seller and RM Holdings, LLC relating to the rear premises at 11 Stott Avenue, Norwich, Connecticut, which lease term commenced on October 1, 2002.

1.45 **"Sale Hearing"** shall have the meaning ascribed to it in Article X.

1.46 **"Seller's Counsel"** shall have the meaning ascribed to it in Section 4.1.

1.47 **"Software"** shall mean computer programs (in any form), documentation and data and the applicable license agreements and royalty-free usage rights to customized and shrink-wrap software and all upgrades and updates thereto.

1.48 **"Tax"** and **"Taxes"** shall mean all federal, state, local or foreign income, payroll, employee withholding, unemployment insurance, social security, sales, use, service, service use,

leasing, leasing use, excise, franchise, gross receipts, value added, alternative or add-on minimum, estimated, occupation, real and personal property, stamp, transfer, workers' compensation, severance, windfall profits, environmental (including taxes under Section 59A of the Tax Code), or other tax of the same or of a similar nature, including any interest, penalty or addition thereto, whether disputed or not.

1.49 Intentionally Omitted.

1.50 "WARN ACT" shall mean the Worker Adjustment and Retraining Notification Act codified at 29 U.S.C.S. § 2101 et seq. and the Connecticut statute concerning continuation of group health insurance for employees affected by relocation or closing of covered establishment codified at Con Gen Stat. §§ 31-51n and 31-51o.

ARTICLE II - PURCHASE AND SALE

2.1 Agreement to Purchase and Sell. Subject to and in accordance with the terms and conditions of this Agreement, including the approval of the Bankruptcy Court pursuant to the Approval Order and the 365 Order(s), at the Closing, Seller shall sell, transfer, assign, convey and deliver to Buyer, and Buyer shall purchase and accept from Seller, free and clear of all Liens, all of Seller's right, title and interest in and to all of the tangible and intangible assets and properties of every kind and description (excluding the Excluded Assets) owned or used by Seller in its business and wherever located ("Purchased Assets"), including the following:

- (a) All assets reflected on Seller's December 31, 2005 balance sheets, except those disposed of or converted into cash after December 31, 2005, in the ordinary course of business consistent with past practice;
- (b) All Accounts Receivable;
- (c) All inventory, including raw materials, work-in-process, finished goods, supplies, spare parts, goods in transit and other materials, whether located at the premises of Seller or elsewhere;
- (d) All open or unfulfilled purchase orders from customers;
- (e) All machinery, equipment, vehicles, fork-lift trucks and other rolling stock, parts, tools, dies, furniture, fixtures, office equipment, computer hardware, leasehold improvements and other tangible personal property;
- (f) All Intellectual Property, including those set forth on Schedule 2.1(f);

- (g) All Assumed Contracts;
- (h) All Software, whether embodied in software, firmware or otherwise (including related data and documentation), including those set forth on Schedule 2.1(h);
- (i) All Employee Plans specified on Schedule 2.1(i);
- (j) All prepaid expenses, including prepaid and deferred advertising, and deposits;
- (k) All advertising materials, including catalogs, samples, sales literature, displays, advertising pieces, color separations and catalog negatives, and all distributor, supplier and marketing industry rights and privileges, and all endorsements;
- (l) To the extent legally assignable, all Permits held by Seller or applications therefore;
- (m) All telephone, telex and telephone facsimile numbers and telephone and other directory listings (including all "800" numbers);
- (n) All confidentiality and non-disclosure agreements for the benefit of Seller, including confidentiality and non-disclosure agreements entered into by any prospective purchaser;
- (o) All non-competition, non-solicitation and similar rights that benefit Seller, whether arising under any contract or under Law;
- (p) All of Seller's rights, claims, rights of offset, causes of action, lawsuits, judgments and other claims or demands of any nature against third parties, in each case only with respect to the Purchased Assets or Assumed Liabilities, including those (i) arising under warranties from vendors and others in connection with the Purchased Assets, (ii) relating to any of the Assumed Contracts or Assumed Liabilities, and (iii) relating to any infringement or misappropriation of any Intellectual Property;
- (q) Subject to the terms of the Records Agreement, all business and financial records, books, ledgers, files, correspondence, documents, lists, studies and reports, including customer lists, customer information and customer order history, supplier lists and equipment repair, maintenance, service, personnel, payroll, and quality control records (including all data and other information stored on discs, tapes or other media) of Seller; and
- (r) To the extent transferable under the Bankruptcy Code and designated by

Buyer to be transferred prior to the Closing, all rights of Seller in, under and with respect to the insurance policies, contracts and coverages obtained by Seller or listing any of them as an insured party, beneficiary or loss payee relating to any of the other Purchased Assets.

2.2 Excluded Assets. Notwithstanding the provisions of Section 2.1, the Purchased Assets shall not include the following ("Excluded Assets"):

- (a) All cash and cash equivalents;
- (b) All inter-company receivables owed to Seller from any Affiliate of Seller;
- (c) All corporate minute books and stock transfer books and the corporate seals of Seller;
- (d) All shares of capital stock of Seller;
- (e) All Contracts (for sake of clarity, the term "Contracts" does not include any assets described Sections 2.1(d), (f), (h), (i), (l), (n), (o) or (r)) other than the Assumed Contracts;
- (f) All insurance policies, contracts and coverages relating to Purchased Assets not transferred to Buyer pursuant to Section 2.1(r);
- (g) All Employee Plans not specified on Schedule 2.1(i);
- (h) All rights to refunds of or credits for Taxes of Seller and any records relating to Taxes of Seller;
- (i) All avoidance claims and causes of action under Sections 544, 547, 548, 549, 550 or 553 of the Bankruptcy Code and any related claims or causes of action under applicable non-bankruptcy law arising out of the same set of facts, and the proceeds thereof;
- (j) All causes of action and claims that may be asserted against Buyer, and all rights of Seller under this Agreement or any other agreements or instruments otherwise delivered in connection with this Agreement;
- (k) All rights of Seller in, under, and with respect to the insurance policies, contracts and coverages obtained by Seller or listing it as an insured party, a beneficiary or loss payee relating to any assets of Seller other than Purchased Assets;
- (l) All rights to refunds of or credits under any worker's compensation policy;
- (m) All causes of action and claims against any creditor of Seller based upon the credit relationship; and

(n) All other assets specified on Schedule 2.2(n), if any.

2.3 Limitations on Warranties. EXCEPT FOR THOSE WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT, SELLER EXPRESSLY DISCLAIMS AND NEGATES AND BUYER HEREBY WAIVES, ALL OTHER REPRESENTATIONS AND WARRANTIES, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE. AS EXAMPLES AND FOR THE AVOIDANCE OF DOUBT, BUT WITHOUT LIMITATION OF THE FOREGOING, EXCEPT FOR THOSE WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT, THE PURCHASED ASSETS SHALL BE CONVEYED PURSUANT HERETO WITHOUT ANY WARRANTY OR REPRESENTATION WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, WITH RESPECT TO THE QUANTITY, QUALITY, CONDITION, SIZE, WEIGHT, SERVICEABILITY, CONFORMITY TO SAMPLES OR ANY OTHER ASPECT OF THE FIXTURES, EQUIPMENT OR OTHER PERSONAL PROPERTY INCLUDED AMONG THE PURCHASED ASSETS, ALL OF WHICH SHALL BE CONVEYED TO BUYER AS IS, WHERE IS, AND WITH ALL FAULTS AND DEFECTS AND IN THEIR PRESENT CONDITION AND STATE OF REPAIR AND WITHOUT ANY WARRANTIES WHATSOEVER OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE. BUYER ACKNOWLEDGES THAT THIS WAIVER IS CONSPICUOUS.

ARTICLE III – TREATMENT OF LIABILITIES

3.1 Contracts.

(a) Schedule 3.1(a) identifies the Contracts to which Seller is a party as of the Effective Date. Schedule 3.1(a) identifies all cure amounts due and payable in connection with the assignment and assumption of each Contract.

(b) Buyer has delivered or will deliver to Seller a Schedule 3.1(b) that identifies the Contracts to be assumed by Seller and assigned to Buyer on the Closing Date under Section 365 of the Bankruptcy Code ("Assumed Contracts"). Following Buyer's delivery of the Schedule 3.1(b) and through the Closing Date, Buyer may (i) delete any Contract from Schedule 3.1(b), or (ii) add any Contract, other than the Facility Lease, the Relational Lease or the R M Holdings Lease, to Schedule 3.1(b), which additional Contracts shall also constitute Assumed Contracts. Seller shall use reasonable efforts to obtain any necessary 365 Orders or other Bankruptcy Court approval for the assumption and assignment of such additional Contracts. On the later of the Closing Date or the date that the Bankruptcy Court

determines the cure amount under any Assumed Contract, Buyer shall cure defaults by Seller under such Assumed Contract by paying to the counter-party to the Assumed Contract the cure amounts relating to the Assumed Contract as determined by the Bankruptcy Court.

(c) Seller shall use commercially reasonable efforts to obtain the consent of the counter-party to each non-exclusive Intellectual Property license agreement (individually a "License" and collectively, the "Licenses") that is identified on Schedule 3.1(b) as an Assumed Contract prior to the Closing. Buyer has delivered or will deliver to Seller a Schedule 3.1(c) that identifies the Licenses that are specifically required to be assumed by Seller and assigned to Buyer on the Closing Date, including (to the extent necessary) obtaining the consent of the counter-parties thereto, as a condition to Buyer's obligation to close the transactions contemplated in this Agreement.

(d) The Facility Lease and the Relational Lease each shall be rejected by Seller in a manner and at a time that is consistent with the Transition Services Agreement.

(e) The RM Holdings Lease shall be rejected by Seller.

3.2 Assumed Liabilities. Buyer shall assume at the Closing and thereafter pay, fully satisfy, discharge and perform all of the liabilities and obligations of Seller ("Assumed Liabilities"):

- (a) Under the Assumed Contracts, including the payment of cure amounts owing thereunder as provided under Section 3.1(b);
- (b) That constitute Employee Liabilities; and
- (c) That constitute trade payables arising after the Petition Date other than under the Assumed Contracts.

3.3 Excluded Liabilities. Buyer shall not assume or be required to pay, satisfy, discharge or perform, or take or agree to take any of the Purchased Assets subject to, and shall not be deemed by virtue of the execution and delivery of this Agreement or any document delivered to or by Buyer at the Closing pursuant hereto, or as a result of the consummation of the transactions contemplated hereby, to have successor liability for, to have assumed, or to have agreed to assume,

or to take, or to have agreed to take, or to pay, satisfy, discharge or perform, any of the liabilities, obligations and indebtedness of any nature whatsoever of Seller (whether primary, secondary, direct, indirect, liquidated, unliquidated, contingent, matured, unmatured, legal or equitable), and all Liens against any property or asset of any Seller, and excluding only the Assumed Liabilities and the Permitted Liens ("Excluded Liabilities") The Excluded Liabilities shall include all claims, liabilities, obligations and indebtedness arising under or relating to all Employee Plans that are not Purchased Assets, all Environmental Liabilities, and all Taxes applicable to Seller, the Purchased Assets and the operation or conduct of the business acquired pursuant to this Agreement that are attributable to all Tax periods ending on or prior to the Closing Date.

3.4 Post-Closing Liabilities. Buyer shall be responsible for all liabilities and obligations relating to Buyer's ownership or use of the Purchased Assets after the Closing Date, including all Taxes arising out of or related to the Purchased Assets or the operation or conduct of the business acquired pursuant to this Agreement for all Tax periods beginning on or after the Closing Date.

ARTICLE IV - DEPOSIT; PURCHASE PRICE

4.1 Deposit. Buyer has deposited in cash an amount equal to One Million Four Hundred Twenty-five Thousand and No/100 Dollars (\$1,425,000.00) (together with all interest and earnings on the foregoing until fully paid to Seller and/or returned to Buyer, the "Deposit") to the law firm of Neubert, Pepe & Monteith, P.C. ("Seller's Counsel"), to be held and paid by Seller's Counsel in accordance with the terms of this Agreement.

(a) If the Closing takes place as provided herein, then the Deposit shall be held and paid by Seller's Counsel subject to the terms of Section 4.5.

(b) If this Agreement is terminated pursuant to Sections 11.1(a) or (b), then the Deposit shall be returned to Buyer. If this Agreement is terminated pursuant to Section 11.1(c), then the Deposit shall be paid to Seller as liquidated damages in accordance with Section 11.3.

4.2 Purchase Price. In consideration of the conveyance to Buyer of the Purchased Assets and subject to the conditions and in accordance with terms of this Agreement, Buyer shall

pay an aggregate purchase price ("Purchase Price"), consisting of the cash portion of the Purchase Price plus the amount of the Assumed Liabilities and subject to adjustment as specified in Section 4.3, of Twenty-Nine Million One Hundred Thousand and No/100 Dollars (\$29,100,000.00):

4.3 Adjustments to Purchase Price. The Purchase Price shall be increased or decreased, respectively, on a dollar-for-dollar basis by the amount by which the aggregate amount of the Accounts Receivable (net of the reserve for doubtful accounts established in accordance with GAAP) as of the Closing Date is greater or less, respectively, than the aggregate amount of the Accounts Receivable (net of the reserve for doubtful accounts established in accordance with GAAP) as set forth on Seller's December 31, 2005 balance sheets.

4.4 Payment of Portions of Purchase Price at Closing. At the Closing, Buyer shall pay the following portions of the Purchase Price as follows:

- (a) By the assumption of the Assumed Liabilities; and
- (b) By the payment in immediately available funds to an account designated by Seller in writing prior to the Closing of an amount equal to the Purchase Price less (i) the Deposit and (ii) the Estimated Assumed Liabilities.

4.5 Finalization of Purchase Price: Final Payment.

(a) Upon the later of forty-five (45) calendar days after the Closing or the date by which the Bankruptcy Court has finally determined the cure amounts under all Assumed Contracts, Buyer shall deliver to Seller a closing statement ("Final Closing Statement") reflecting (i) the total amount of the Assumed Liabilities, (ii) an adjustment of the Final Payment down or up, respectively, on a dollar-for-dollar basis in the amount by which the Estimated Assumed Liabilities are greater or lesser, respectively, than the Assumed Liabilities, (iii) the portions of the Purchase Price that were paid in cash at the Closing pursuant to Section 4.4(b), and (iv) the amount of the Purchase Price, as adjusted pursuant to Section 4.3 and this Section 4.5(a), remaining to be paid to Seller ("Final Payment"). Unless Seller, within thirty (30) calendar days after receiving the Final Closing Statement, gives Buyer a written notice objecting to the computation of the amount(s) set forth in the Final Closing Statement and specifying in reasonable detail the basis for such objection, the amounts set forth in the Final Closing Statement shall be accepted and binding upon Seller and Buyer for all purposes. If Seller timely gives to Buyer a written notice in accordance

with the previous sentence, Seller and Buyer will in good faith for a period of thirty (30) calendar days thereafter attempt to reconcile and agree upon the amount of the Final Payment. Seller and Buyer will thereafter submit any disputes regarding the Final Payment to the Bankruptcy Court for resolution, or if the Bankruptcy Court does not then have jurisdiction of Seller, then to the United States District Court for the District of Connecticut.

(b) Upon conclusion of the adjustment of the Final Payment amount in accordance with Section 4.5(a), Buyer shall make the Final Payment to Seller by instructing Seller's Counsel in writing to release to Seller a portion of the Deposit in an amount equal to the Final Payment. If the Final Payment exceeds the amount of the Deposit, the Buyer will make payment to Seller in immediately available funds to an account designated by Seller in writing prior to the Closing. If applicable, the remainder of the Deposit, together with any additional amount by which the Deposit exceeds the Final Payment, shall be paid to Buyer.

4.6 Tax Allocation of Purchase Price. Buyer and Seller shall agree to a reasonable allocation of the Purchase Price among the Purchased Assets in accordance with Section 1060 of the Tax Code and the applicable Treasury Regulations thereunder. Buyer and Seller shall report and file all of their respective Tax Returns (including amended Tax Returns and claims for refund) consistent with such allocation, and shall take no position contrary thereto or inconsistent therewith (including in any audits or examinations by any taxing authority or in any other proceedings). Buyer and Seller shall cooperate in the filing of any forms (including IRS Form 8594) with respect to such allocation as and when required by applicable Law. Notwithstanding any other provisions of this Agreement, the provisions of this Section 4.6 shall survive the Closing Date without limitation.

ARTICLE V - CLOSING

5.1 Closing. The closing ("Closing") shall take place on February 22, 2006 or such other date as Buyer and Seller shall mutually agree, but not later than eleven (11) calendar days after the date of the Bankruptcy Court's entry of the Approval Order, at the offices of Neubert, Pepe & Monteith, P.C., 195 Church Street, 13th Floor, New Haven, Connecticut 06510, or such other time and place as Buyer and Seller may mutually agree. Buyer expressly agrees that provided it has been afforded the protection of Section 363(m) of the Bankruptcy Code, it may

agree to close prior to the Approval Order becoming a Final Order. At any time prior to the Closing, Buyer may assign this Agreement to one or more Affiliates or designate one or more Affiliates as the buyer(s) of some or all of the Purchased Assets and to assume some or all of the Assumed Liabilities pursuant to this Agreement, and Seller hereby agrees to cooperate as may be necessary or desirable to accomplish the foregoing.

5.2 Seller's Closing Deliveries. At the Closing, Seller shall deliver or cause to be delivered to Buyer:

(a) A duly executed Bill of Sale for the Purchased Assets in the form of Exhibit A hereto and any other documents reasonably requested by Buyer so as to convey to Buyer all of Seller's right, title and interest in and to the Purchased Assets;

(b) Any other documents and instruments of transfer (such as vehicle title documents or assignments of Intellectual Property including domain names, copyrights and trademarks) reasonably requested by Buyer;

(c) A duly executed Assumption and Assignment Agreement pursuant to which Buyer shall be assigned and shall assume the Assumed Contracts and the Assumed Liabilities from Seller in the form of Exhibit B hereto;

(d) A duly executed Records Agreement pursuant to which Seller or any other representative of Seller's bankruptcy estate shall be granted reasonable access to Seller's books and records that constitute Purchased Assets as may be needed to administer the Bankruptcy Case in the form of Exhibit C hereto;

(e) A duly executed Transition Services Agreement pursuant to which Seller shall make available to Buyer continuous access to and use of the computer and other equipment subject to the Relational Lease and the other equipment leases identified in the Transition Services Agreement for a mutually agreed period of time and at a mutually agreed cost or as otherwise ordered by the Bankruptcy Court, such costs to be borne by the Buyer, in the form of Exhibit D hereto;

(f) All keys and alarm system access codes for property used or occupied by Seller;

(g) The consents of the counter-parties to the Licenses described in Section 3.1(c);

(h) The certificate required by Section 5.5(e);

- (i) The Approval Order;
- (j) Physical possession and control of the Purchased Assets, but in no event shall Seller be required to be responsible for physically moving the Purchased Assets; and
- (k) All passwords, codes and other electronic access devices necessary to exercise complete dominion and control over the Purchased Assets, including any software source code, electronic files and computer-based accounts.

5.3 Buyer's Closing Deliveries. At the Closing, Buyer shall deliver or cause to be delivered to Seller:

- (a) The portions of the Purchase Price that are payable at the Closing in accordance with Section 4.4;
- (b) The Assumption and Assignment Agreement delivered by Seller in accordance with Section 5.2(c), executed by Buyer;
- (c) The Records Agreement delivered by Seller in accordance with Section 5.2(d), executed by Buyer;
- (d) The Transition Services Agreement delivered by Seller in accordance with Section 5.2(e), executed by Buyer; and
- (e) The certificate required by Section 5.4(c).

5.4 Conditions Precedent to Obligations of Seller. The obligations of Seller under this Agreement to consummate the transactions contemplated hereby shall be subject to the satisfaction, at or prior to the Closing, of all of the following conditions, any one or more of which may be waived in writing at the sole and absolute discretion of Seller:

- (a) Buyer shall have performed in all material respects its obligations hereunder to be performed on or before the Closing Date;
- (b) Each of Buyer's representations and warranties in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as though made on and as of the Closing Date (it being understood, however, that for purposes of this sentence the accuracy of any representation or warranty that expressly speaks as of the date of this Agreement or another date prior to the date of this Agreement shall be determined solely as of the date of this Agreement or such other date and not as of the Closing Date) and each of the covenants of Buyer shall have been complied with in all material respects as of the Closing Date;

(c) Seller shall have received a certificate, dated the Closing Date, executed by an officer of Buyer confirming and certifying (i) that all of the conditions set forth in Section 5.4(a) and (b) have been met and (ii) confirming and certifying that all of the conditions set forth in Section 5.5 have either been satisfied or waived;

(d) The Approval Order shall have been entered and no stay of the Approval Order shall be in effect;

(e) Buyer shall have executed and delivered to Seller the Assumption and Assignment Agreement, the Records Agreement, and the Transition Services Agreement in each case dated as of the Closing Date and the other documents and instruments that Buyer is required to deliver to Seller and taken all other actions required of Buyer at the Closing pursuant to Section 5.3; and

(f) Seller shall have received the portions of the Purchase Price to be paid to Seller at the Closing under Section 4.4.

5.5 Conditions Precedent to Obligations of Buyer. The obligations of Buyer under this Agreement to consummate the transactions contemplated hereby shall be subject to the satisfaction, at or prior to the Closing, of all of the following conditions, any one or more of which may be waived in writing at the sole and absolute discretion of Buyer:

(a) Seller shall have performed in all material respects its obligations hereunder to be performed on or before the Closing Date;

(b) Each of Seller's representations and warranties in this Agreement shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as though made on and as of the Closing Date (it being understood, however, that for purposes of this sentence the accuracy of any representation or warranty that expressly speaks as of the date of this Agreement or another date prior to the date of this Agreement shall be determined solely as of the date of this Agreement or such other date and not as of the Closing Date) and each of the covenants of Seller shall have been complied with in all material respects as of the Closing Date;

(c) Buyer shall have received a certificate, dated the Closing Date, executed by President of Seller confirming and certifying to the best of his personal knowledge upon reasonable investigation (i) that all of the conditions set forth in Section 5.5(a) and (b) have been met and (ii) confirming and certifying that all of the conditions set forth in Section 5.4

have either been satisfied or waived;

(d) Intentionally deleted;

(e) Seller shall have executed and delivered to Buyer the Bill of Sale, the Assumption and Assignment Agreement, the Records Agreement, and the Transition Services Agreement in each case dated as of the Closing Date and the other documents and instruments that Seller is required to deliver to Buyer and taken all other actions required of Seller at the Closing pursuant to Section 5.2;

(f) The Bankruptcy Court shall have entered the "Approval Order", which shall have become a Final Order, which shall not be subject to any stay and which shall not have been amended, modified or supplemented without the written consent of Buyer. The Approval Order shall be in form reasonably acceptable to Buyer and shall have, among other things: (i) determined that this Agreement was proposed by Buyer and Seller in good faith and represents the highest and best offer for the Purchased Assets and should be approved; (ii) determined that Buyer is a good faith purchaser under and entitled to the protections of Section 363(m) of the Bankruptcy Code and that the provisions of Section 363(n) of the Bankruptcy Code have not been violated; (iii) authorized Seller to convey to Buyer all of its right, title, and interest in and to the Purchased Assets free and clear of any Liens and free and clear of all Excluded Liabilities, which Excluded Liabilities shall have, to the extent applicable, attached to the proceeds of the sale under Section 363 of the Bankruptcy Code; (iv) authorized Seller to assume and assign to Buyer the Assumed Contracts pursuant to Section 365 of the Bankruptcy Code and provided that the Assumed Contracts will be transferred to, and remain in full force and effect for the benefit of, Buyer notwithstanding any provision in such Assumed Contract (including those described in Sections 365(b)(2), (c)(1) and (f) of the Bankruptcy Code) that prohibits such assignment or transfer and further provides that Buyer shall have no liability for claims under Assumed Contracts arising before the Closing Date other than for such cure amounts as are determined by the Bankruptcy Court; and (v) authorized Seller to execute, deliver, perform under, consummate, and implement this Agreement and all additional instruments and documents that may be reasonably necessary or desirable to implement the foregoing;

(g) Seller shall have used reasonable efforts to send adequate notice of the Sale Hearing to all holders of Liens against and interests in the Purchased Assets and all

counter-parties to the Assumed Contracts. Such reasonable efforts shall include, except as otherwise ordered by the Bankruptcy Court: (i) compliance with Rules 2002(a)(2), 6004, and 6006 of the Federal Rules of Bankruptcy Procedure and all related Local Bankruptcy Rules; (ii) publication of notice of the Sale Hearing and the transactions contemplated herein in a business newspaper having national circulation and business newspapers having local circulation in Norwich, CT; and (iii) notice to all Government Authorities as is required to comply with the Federal Rules of Bankruptcy Procedure and applicable Local Bankruptcy Rules, including those involved in the issuance or transfer of Permits. If at any time prior to the Closing Buyer or Seller discovers any Lien on any Purchased Asset held by a Person or a counter-party to an Assumed Contract who did not receive notice of the Sale Hearing, then prior to the Closing Seller shall, at Seller's expense, take all actions necessary to remove such Lien(s) and deliver to Buyer evidence of the removal of such Lien(s) in form and substance reasonably satisfactory to Buyer, or take all actions necessary to obtain Bankruptcy Court approval for the assumption and assignment of such Assumed Contract by Seller, as the case may be; and

(h) No Material Adverse Effect shall have occurred since the Effective Date.

ARTICLE VI - COVENANTS

6.1 Covenants of Seller.

(a) Seller shall use its reasonable efforts to cause the transactions contemplated by this Agreement to be consummated, including obtaining the Bidding Procedures Order, the Approval Order and any 365 Order(s) and Seller further agrees to file the appropriate motions to seek the Bidding Procedures Order, the Approval Order and the 365 Order(s) within three (3) business days after the Petition Date.

(b) Seller covenants and agrees that from the Effective Date and up to and including the Closing Date, Seller:

(i) will operate the Business and the Assets only in the usual, regular and ordinary manner;

(ii) will use all reasonable efforts to preserve its business organization, to keep available the services of its employees and to preserve its relationships with suppliers, jobbers, customers, distributors and others having business dealings with it as such relates to the Business;

(iii) at its expense, will maintain the Purchased Assets in the same repair, order and condition as on the date hereof, except for reasonable wear and use and damage by fire or other unavoidable casualty;

(iv) will maintain its books of account and records in the usual, regular and ordinary manner on a consistent basis;

(v) will not sell, dispose of or encumber any of the Purchased Assets except in the ordinary course of business or as permitted by order of the Bankruptcy Court;

(vi) will not amend the articles of incorporation or bylaws of Seller or merge or consolidate Seller with or into any other company or change in any manner the rights of the stockholder interests of Seller or the character of the Business;

(vii) will not borrow any funds or guaranty any obligations secured by the Purchased Assets except as authorized by order of the Bankruptcy Court; and

(viii) will promptly notify Buyer in writing of any material adverse change in its Business, operations or financial condition, or in the Purchased Assets.

(c) Seller shall use its reasonable efforts to obtain all consents of third parties and to make all filings with and give all notices to third parties which may be necessary or reasonably required in order to effect the transactions contemplated hereby. Seller shall cooperate with Buyer in obtaining the transfer of any Permits or Licenses necessary for Buyer's use of the Purchased Assets.

(d) Buyer and its officers, employees, attorneys and agents shall be entitled to inspect Seller's properties, books, documents and records relating to the Business or the Purchased Assets, and to make copies of the same, at such times as the parties shall mutually determine, and Seller agrees to furnish all such information relating to the Business and the Purchased Assets as Buyer reasonably may request and to permit Buyer and such persons to consult with the officers, employees, attorneys and agents of Seller, after such time as a public announcement has been jointly made by Buyer and Seller concerning this Agreement, for the purpose of determining the accuracy of the covenants, representations and warranties made herein and for such other purposes as Buyer reasonably may determine necessary in connection with Buyer's operation of the Purchased

Assets after the Closing. Seller shall cooperate with Buyer as necessary to ensure a smooth transition of the Business to Buyer.

(e) Excepted as a Permitted Name Use, Seller agrees not to use the name "Daticon" or any variation thereof after the Closing Date.

(f) Seller from time to time after the Closing, at Buyer's request and expense, shall execute, acknowledge and deliver to Buyer such other documents, certifications, assurances and/or instruments of conveyance and transfer and will make all truthful oaths, testify in any proceedings and take such other actions as may be reasonably necessary or desirable to more effectively perfect the title of the Purchased Assets in Buyer, or to put Buyer more fully in possession of the Purchased Assets. Seller and Buyer will cooperate with each other and execute and deliver to third parties such other instruments and documents and take such other actions as may be reasonably requested from time to time by either as necessary to carry out, evidence and confirm the intended purposes of this Agreement.

(g) Seller shall not accept any offer or bid from another party if such offer or bid is less than the Topping Bid, unless Buyer shall have breached its obligations hereunder or is otherwise unwilling or unable to proceed pursuant to the terms of this Agreement or has otherwise exercised its right to terminate this Agreement.

6.2 Covenants of Buyer.

(a) Buyer shall use commercially reasonable efforts to cause the transactions contemplated by this Agreement to be consummated.

(b) Seller and Buyer will cooperate with each other and execute and deliver to third parties such other instruments and documents and take such other actions as may be reasonably requested from time to time by either as necessary to carry out, evidence and confirm the intended purposes of this Agreement.

(c) Within three (3) business days after the Closing, Buyer will offer employment to one hundred percent (100%) of the employees of Seller that are employed by Seller as of the Closing Date, which offers of employment shall be on terms substantially similar to Seller's terms of employment for such employees (other than senior executives of Seller). Seller and Buyer will cooperate with each other to minimize Seller's liability under the WARN Act. Buyer shall be responsible for objecting to all claims of

Hired Employees under the WARN Act and paying such claims as are allowed in the Bankruptcy Case.

ARTICLE VII – REPRESENTATIONS AND WARRANTIES OF SELLER

Seller makes the following representations and warranties to Buyer, each of which shall be true and correct as of the date of this Agreement and as of the Closing Date (except to the extent expressly relating to a specific date, in which event it shall be true and correct as of such date) in accordance with this Agreement. The representations and warranties by Seller in this Agreement shall not survive the Closing.

7.1 Organization and Good Standing. Seller is a corporation duly organized and validly existing under the laws of the State of its incorporation, and has the requisite corporate or other organizational power and authority to own, lease or otherwise hold its properties and assets and carry on its business as presently conducted.

7.2 Authorization and Effect of Agreement. Seller has the requisite corporate power and authority to execute and to deliver this Agreement and, subject to the approval of the Bankruptcy Court, including the entry of the Bidding Procedures Order and the Approval Order, to perform its obligations hereunder and under all of the agreements, documents and instruments contemplated hereunder. The execution and delivery of this Agreement by Seller, and the performance by Seller of its obligations hereunder and thereunder and the consummation by Seller of the transactions contemplated hereby and thereby, have been duly authorized by its board of director and no other corporate action on the part of Seller is necessary to authorize the execution and delivery of this Agreement, the agreements, documents and instruments contemplated hereunder or the consummation of the transactions contemplated hereby or thereby. This Agreement has been duly and validly executed and delivered by Seller and constitutes, and the agreements, documents and instruments contemplated hereunder (when executed and delivered by Seller) shall constitute, a valid and binding agreement of Seller, enforceable against Seller in accordance with its terms, subject (in each case) to applicable bankruptcy, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and as to enforceability, to general principles of equity, and assuming that this Agreement and each of the agreements, documents and instruments contemplated hereunder constitute the valid and binding agreements of the other parties hereto and/or thereto.

7.3 No Material Adverse Effect. No Material Adverse Effect has occurred relating to

Seller, the Business or the Purchased Assets since December 31, 2005.

7.4 Brokers. No Person, other than Mirus Capital Advisers, Inc., is entitled to any brokerage or finder's fee or commission in connection with the transactions contemplated by this Agreement as a result of any action taken by or on behalf of Seller. Seller is solely responsible for payment of such fee or commission.

ARTICLE VIII – REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer makes the following representations and warranties to Seller, each of which shall be true and correct as of the date of this Agreement and as of the Closing Date (except to the extent expressly relating to a specific date, in which event it shall be true and correct as of such date) in accordance with this Agreement. The representations and warranties by Buyer in this Agreement shall not survive the Closing.

8.1 Organization and Good Standing. Buyer is a corporation duly organized and validly existing under the laws of the State of its incorporation, and has the requisite corporate or other organizational power and authority to own, lease or otherwise hold its properties and assets and carry on its business as presently conducted.

8.2 Authorization and Effect of Agreement. Buyer has the requisite corporate power and authority to execute and to deliver this Agreement and to perform its obligations hereunder and under all of the agreements, documents and instruments contemplated hereunder. The execution and delivery of this Agreement by Buyer, and the performance by Buyer of its obligations hereunder and thereunder and the consummation by Buyer of the transactions contemplated hereby and thereby, have been duly authorized by its board of director and no other corporate action on the part of Buyer is necessary to authorize the execution and delivery of this Agreement, the agreements, documents and instruments contemplated hereunder or the consummation of the transactions contemplated hereby or thereby. This Agreement has been duly and validly executed and delivered by Buyer and constitutes, and the agreements, documents and instruments contemplated hereunder (when executed and delivered by Buyer) shall constitute, a valid and binding agreement of Buyer, enforceable against Buyer in accordance with its terms, subject (in each case) to applicable bankruptcy, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and as to enforceability, to general principles of equity, and assuming that this Agreement and each of the agreements, documents and instruments contemplated hereunder constitute the valid and binding agreements of the other parties hereto

and/or thereto.

8.3 Ability To Satisfy Obligations. On the Closing Date, Buyer shall have the cash available to perform its obligations to (a) pay the portions of the Purchase Price payable at the Closing in accordance with Section 4.4, and (b) satisfy the Assumed Liabilities as they become due.

8.4 Brokers. No Person is entitled to any brokerage or finder's fee or commission in connection with the transactions contemplated by this Agreement as a result of any action taken by or on behalf of Buyer.

ARTICLE IX - RISK OF LOSS; INSURANCE

The risk of loss to any of the Purchased Assets shall remain with Seller until Seller verifies receipt of the Purchase Price to be paid at Closing in its account by wired funds, and shall then pass to Buyer and from that time on Buyer shall be entitled to the proceeds of any insurance covering the Purchased Assets upon loss due to an insured event or occurrence. In the event of any material destruction of, or loss or damage to all or any material portion of the Purchased Assets by any casualty prior to the Closing, Buyer may, at its option, either (i) terminate this Agreement or (ii) waive the foregoing right of termination and notify Seller of its election to hold the Closing as provided herein. If Buyer shall so notify Seller, any proceeds of insurance shall be paid to Seller and Seller, to the extent of insurance proceeds received by Seller, shall pay all such proceeds to Buyer at the Closing and the Purchase Price payable hereunder shall be appropriately adjusted. In the event of any non-material destruction of, or damage or other casualty to, any of the Purchased Assets, or any part thereof, any proceeds of insurance shall be paid to Seller, and the Purchase Price payable hereunder shall be appropriately adjusted at Closing.

ARTICLE X – APPROVAL OF AGREEMENT

Upon determination by Seller that this Agreement is the highest and best offer for the Purchased Assets, Seller shall present this Agreement to the Bankruptcy Court for consideration and approval at a hearing for the purpose of obtaining the Approval Order and the 365 Order(s) ("Sale Hearing").

ARTICLE XI – TERMINATION

11.1 Termination. Provided that the party seeking to terminate this Agreement shall not then be in material breach of any provision of this Agreement, this Agreement may be terminated at any time prior to the Closing by such party upon written notice to the other party hereto as follows:

(a) Either:

(i) By mutual agreement of Seller and Buyer; or

(ii) By Seller or by Buyer, if a Governmental Authority shall have issued an order, decree or ruling or taken any other action (which order, decree, ruling or other action the parties hereto shall use their reasonable best efforts to lift), in each case permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and nonappealable.

(b) By Buyer:

(i) (A) If Seller shall fail to comply in all material respects with its obligations under this Agreement, and Seller shall have failed to cure such failure to so comply within five (5) calendar days after receipt of a written notice of such failure to comply has been given by Buyer to Seller, or (B) in the event of the occurrence of a Material Adverse Effect at any time after the Effective Date;

(ii) If Seller shall have accepted or selected and the Bankruptcy Court shall have approved, the bid or bids of any Person or Persons other than Buyer to purchase all or a substantial portion of the Purchased Assets (whether or not any transaction contemplated by any such bid or bids shall be consummated);

(iii) If the Closing shall not have occurred on or before March 6, 2006, or such other date as the parties may agree, time being of the essence;

(iv) If the Bankruptcy Case is dismissed or converted to a case under Chapter 7 of the Bankruptcy Code prior to the Closing;

(v) If the Bankruptcy Court orders the appointment of a trustee or examiner with expanded powers in the Bankruptcy Case prior to the Closing; or

(vi) If the Bankruptcy Court abstains from exercising jurisdiction over the Bankruptcy Case prior to the Closing;

(c) By Seller if Buyer shall fail to comply in all material respects with its obligations under this Agreement, and Buyer shall have failed to cure such failure to so comply within five (5) calendar days after receipt of a written notice of such failure to comply has been given by Seller to Buyer.

11.2 Effect of Termination. If this Agreement is terminated as provided in Section 11.1,

this Agreement shall become void and of no further force and effect, except that any such termination shall be without prejudice to the rights and obligations of the parties under Section 4.1(b) and this Article XI, including the disposition of the Deposit. If this Agreement is terminated as provided in Section 11.1:

(a) Upon request therefore, each party shall destroy or redeliver all documents, work papers and other material of another party relating to the transactions contemplated hereby, whether obtained before or after the execution hereof, to the party furnishing the same; and

(b) No party hereto shall have any liability or further obligation in connection with this Agreement to any other party, other than the disposition of the Deposit as set forth in Section 4.1(b).

11.3 Seller's Liquidated Damages for Buyer's Breach. If Seller shall be entitled to retain the Deposit in accordance with Section 4.1(b), such retention of the Deposit shall (a) be full consideration for Seller's efforts and expenses in connection with this Agreement and all transactions contemplated hereby, and (b) constitute liquidated and agreed damages in respect of this Agreement and such transactions, and Buyer shall have no further liability to Seller in connection therewith. Seller agrees that it is impossible to determine accurately the amount of all of the damages that Seller would incur by virtue of a breach by Buyer of its obligations to proceed with the transactions contemplated herein, and agree that the sole and exclusive remedy for any such breach shall be for Seller to retain the Deposit.

ARTICLE XII - MISCELLANEOUS

12.1 Confidentiality. The terms (but not the existence) of this Agreement and any and all discussions, negotiations and exchanges of documents related hereto shall be treated as confidential and proprietary information by each party, and shall not be disclosed to any third party, except those parties with a need to know such information to assist such party in completing its obligations hereunder, and each party shall use at least the same degree of care in protecting such confidential information as it uses in protecting its own proprietary and confidential information. This obligation of confidentiality shall terminate upon the Petition Date.

12.2 Expenses and Commissions. Seller and Buyer agree to bear their own legal, accounting and other expenses in connection with the preparation and consummation of this Agreement and the transactions contemplated hereby. Each of the parties also agrees to bear its

own expenses for commissions, finder's fees or similar claims in connection with this transaction and agrees to indemnify the others against any claims for the same.

12.3 Benefit of Agreement; Assignment. The terms of this Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties hereto. No party hereto shall assign its interest under this Agreement, by operation of law or otherwise, without the prior written consent of the other party hereto, except as provided in Section 5.1.

12.4 No Third Party Beneficiaries. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon or give any Person other than the parties hereto and their permitted successors and assigns any rights or remedies under or by reason of this Agreement or any transaction contemplated hereby. The assumption by Buyer of the Assumed Liabilities shall in no way expand the rights or remedies of any Person other than the parties hereto against Buyer or Seller as compared to the rights and remedies which such Person would have had against Seller (absent the filing of the Bankruptcy Case) had Buyer not assumed such liabilities.

12.5 Notices. All notices, demands or other communications given under this Agreement shall be in writing, and shall be sent by certified or registered mail, postage prepaid, return receipt requested or by personal delivery or by overnight courier and addressed as follows: if to Buyer at: Xiotech Corporation, 6455 Flying Cloud Drive, Eden Prairie, MN 55344-3305, Attn: Karl C. Powell, with a copy to Buyer's counsel at Gray Plant Mooty, 500 IDS Center, 80 South Eighth Street, Minneapolis, MN 55402-3796, Attn: Phillip Bohl; and if to Seller at: 11 Stott Avenue, Norwich Connecticut 06360, Attn: William Zambarano, with a copy to Seller's counsel at Neubert, Pepe & Monteith, P.C., 195 Church Street, New Haven, Connecticut 06510-2026, Attn: Douglas S. Skalka, Esq.; or to such other address as may be designated in writing, which notice of change of address shall be given in the same manner. A notice shall be deemed delivered (a) three (3) business days after sending, if sent by certified or registered mail, (b) upon delivery, if personally delivered, or sent by electronic mail or (c) one (1) business day after sending if sent by overnight courier.

12.6 Severability. All agreements and covenants herein are severable. In the event that any provision of this Agreement should be held to be unenforceable, the validity and enforceability of the remaining provisions hereof shall not be affected thereby.

12.7 Governing Law; Jurisdiction. This Agreement shall be enforced, construed and performed in accordance with the laws of the State of Connecticut as applied to contracts made and

fully performed in such state, without any effect to the choice of law principles thereof. Seller and Buyer hereby agree that any suit, action or proceeding arising out of or based upon any claim for contribution or indemnification under this Agreement shall be instituted against it in the Bankruptcy Court, and Seller and Buyer waive any objection which it may have to the laying of venue of such suit, action or proceeding therein. The Bankruptcy Court shall retain jurisdiction with respect to any matter, issue, claim or controversy arising out of or resulting from this Agreement or any of the transaction contemplated hereby or associated herewith, including any matter, issue, claim or controversy relating to Buyer's right to have received the Purchased Assets free and clear of Liens.

12.8 Counterparts. This Agreement may be executed in any number of counterparts and each shall be considered an original and together they shall constitute one Agreement.

12.9 Entire Agreement. This Agreement, together with all Exhibits and Schedules hereto and agreements executed hereunder, constitutes the entire agreement among the parties in respect of the transactions contemplated hereby and supersedes all prior agreements, arrangements and undertakings relating to the subject matter hereof. No covenants or conditions not expressed in this Agreement shall affect or be deemed to interpret, change or restrict this Agreement. This Agreement may be amended only by a writing specifically amending this Agreement and signed by the parties hereto.

12.10 Modification: Waiver. This Agreement may not be modified nor may any provision be waived without the prior written consent of the party against whom such modification or waiver is or may be asserted. No delay or omission by any party to exercise any right or power shall impair any such right or power or be construed to be a waiver thereof. A waiver of any provision of this Agreement on any occasion shall not constitute a waiver of such provision on any succeeding occasion.

12.11 Cumulative Remedies. Unless stated otherwise, all remedies available under this Agreement shall be cumulative and in addition to and not in lieu of any other remedies available at law, in equity or otherwise, and the use of any one right or remedy by any party shall not preclude or waive its right to use any or all other remedies.

12.12 Headings. The article and section headings and subheadings contained in this Agreement, Exhibits, and Schedules are for convenient reference only, and shall not in any way affect the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, Seller and Buyer have executed, or caused to be executed, this Agreement in a manner sufficient to bind them as of the day and year first above written.

DATICON, INC.

By: _____

Its: _____

XIOTECH CORPORATION

By:  _____

Its: President _____

IN WITNESS WHEREOF, Seller and Buyer have executed, or caused to be executed, this Agreement in a manner sufficient to bind them as of the day and year first above written.

DATICON, INC.

By: 

Its: 

XIOTECH CORPORATION

By: _____

Its: _____

EXHIBIT A
BILL OF SALE

THIS BILL OF SALE is entered into effective as of February __, 2006 ("Bill of Sale") by Daticon, Inc., a Delaware corporation ("Seller").

WITNESSETH

WHEREAS, Seller and Xiotech Corporation ("Buyer") are parties to an Amended and Restated Asset Purchase Agreement, dated effective as of February 14, 2006 ("Purchase Agreement"), a true and correct copy of which is attached hereto as Exhibit I;

WHEREAS, pursuant to the Purchase Agreement, Seller has agreed to sell, transfer, assign and deliver to Buyer, and Buyer has agreed to purchase, acquire and accept from Seller, all of Seller's right, title and interest in, to and under the Purchased Assets.

NOW, THEREFORE, in consideration of the mutual agreements contained in the Purchase Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. All terms contained herein shall have the meanings ascribed to them in the Purchase Agreement, unless otherwise expressly set forth herein.
2. Upon the terms and subject to the conditions of the Purchase Agreement, and for the consideration specified in the Purchase Agreement, Seller does hereby irrevocably sell, transfer, assign, convey, grant and deliver to Buyer all of Seller's right, title and interest in, to and under the Purchased Assets.
3. Notwithstanding anything to the contrary contained herein, the Purchased Assets shall not include any of the Excluded Assets.
4. No representations or warranties whatsoever, other than the express representations and warranties set forth in the Purchase Agreement, are made by Seller with respect to the Purchased Assets.
5. The sale, transfer, assignment and delivery of the Purchased Assets by Seller to Buyer pursuant to Section 2 of this Bill of Sale shall be deemed effective as of the date first written above.
6. Nothing contained in this Bill of Sale, express or implied, is intended to confer unto any person other than the parties hereto or their respective successors and assigns any rights, remedies, obligations or liabilities of any kind whatsoever under or by reason of this instrument.

7. Neither the making nor the acceptance of this Bill of Sale shall enlarge, restrict or otherwise modify the terms of the Purchase Agreement or constitute a waiver or release by Seller or Buyer of any liabilities, duties or obligations imposed upon Seller or Buyer by the terms of the Purchase Agreement, including the representations, warranties, covenants, agreements and other provisions of the Purchase Agreement. To the extent that any provision of this Bill of Sale conflicts or is inconsistent with the terms of the Purchase Agreement, the provisions of the Purchase Agreement shall govern.

8. Subject to the Purchase Agreement, this Bill of Sale shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and no other person shall have any right, obligation or benefit hereunder.

9. This Bill of Sale and any disputes arising under or related thereto (whether for breach of contract, tortious conduct or otherwise) shall be governed and construed in accordance with the laws of the State of Connecticut, without reference to its conflicts of law principles.

10. This Bill of Sale may be executed in one or more counterparts, all of which shall be considered one and the same instrument, and shall become effective when one or more counterparts have been signed by Seller and delivered, in person or by telecopier, receipt acknowledged, to Buyer.

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be duly executed by a duly authorized officer as of the date first written above.

SELLER:

DATICON, INC.

By: _____
Name: _____
Title: _____

EXHIBIT I

AMENDED AND RESTATED ASSET PURCHASE AGREEMENT

QP:1899798 v2

**SCHEDULE 2.1(f)
INTELLECTUAL PROPERTY**

Trademarks

Daticon has a trademark registration for "DATICON" (Registration Date: December 10, 2002, Registration No. 2,658,196) and has trademark applications pending for: "DATICON DISCOVERY ONDEMAND" (Serial No.: 76/504,927, Filed: April 7, 2003) "VIRTUAL PARTNER" (Serial No.: 76/235,820, Filed: April 5, 2001) "INTELLIGENT CODING SYSTEM" (Serial No.: 76/259,161, Filed: May 18, 2001) and "DATIVISION" (Serial No.: , Filed: September , 2004).

Intellectual Property Agreements (In Bound)

1. Virtual Partner
Software used internally and leased to clients (Developed by Daticon subject to runtime licenses from Dataflight as specified in Number 9 below)
2. BRS
Search index used as part of Virtual Partner, Discovery OnDemand ("DDOD") and other internal-use applications.
3. Intelligent Coding System
Software used internally (Developed by Daticon)
4. Daticon Discovery OnDemand/Preview OnDemand
Hardware sold to clients; Software used internally and leased to clients (Proprietary software developed by Daticon, includes hardware and software owned by third parties.)
5. Electronic Data Discovery Suite
Software used internally (Developed by Daticon)
6. Sundry Custom Software –
[Software used internally]
7. Verity Quickview (subject to runtime licenses from Verity as specified below)
Used on our EDD (internal) workstations, based on a developer's kit licensed from Verity, also supporting component of DDOD workstation
8. Source Code for Customer Interface.

9. Run-Time Licenses Associated with Virtual Partner (owned by Dataflight)

10. Daticon Websites:

www.daticon.com
www.daticonasp2.net
<https://web.daticonasp.net>

11. Domain Names:

daticon.com
daticonasp.net
daticonasp2.net
daticonasp.com
comptrue.com
discoveryondemand.com
daticonasp2.com

EXHIBIT 2

UNITED STATES BANKRUPTCY COURT
DISTRICT OF CONNECTICUT
NEW HAVEN DIVISION

In re:

CHAPTER 11

DATICON, INC.,

CASE No. 06-30034 (LMW)

Debtor.

*Re #9***ORDER UNDER 11 U.S.C. § 363, AND FED. R. BANKR. P. 2002, 6004, AND 9014(a)
APPROVING AND AUTHORIZING THE SALE OF SUBSTANTIALLY ALL OF THE
DEBTOR'S ASSETS FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES AND
INTERESTS PURSUANT TO THE TERMS OF THE AMENDED AND RESTATED
ASSET PURCHASE AGREEMENT BETWEEN THE DEBTOR AND XIOTECH
CORPORATION**

Upon the Motion For Order To Sell Property Free And Clear of Liens, Claims, Encumbrances and Interests (the "Motion") of Daticon, Inc. (the "Debtor"), for an order under 11 U.S.C. § 363 approving and authorizing the Debtor to sell (the "Sale"), pursuant to the terms and conditions of an Asset Purchase Agreement dated as of January 12, 2006, between the Debtor and Xiotech Corporation (the "Asset Purchase Agreement"), subject to the receipt of higher or better offers, substantially all of the Debtor's assets to Xiotech Corporation free and clear of all liens, claims, encumbrances and interests, including (i) the pre-petition liens securing the Debtor's obligations to CapitalSource Finance LLC ("CapitalSource"), and (ii) the post-petition liens securing the Debtor's obligations to CapitalSource, and (iii) all other liens, if any, but subject to certain liens as was specified in the Asset Purchase Agreement;

Upon this Court's Order Under 11 U.S.C. § 363 and Fed. R. Bankr. P. 2002, 6004, 6006 and 9014 (A) To Sell Property Free And Clear Of Liens, Claims, Encumbrances And Interests, (B) Scheduling Hearing On Approval Of Asset Sale, (C) Approving Break Up Fee and (D) Approving Form And Manner Of Notice Of Sale And Bidding Procedures dated January 30, 2006 (the "Bidding Procedures Order"), scheduling, among other things, a hearing with respect to approval of the Asset Purchase Agreement (the "Sale Hearing"), and prescribing the form and

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manner of notice thereof (the "Notice"), approving bidding procedures relating to the proposed Sale, and authorizing the payment to Xiotech Corporation of the Break-up Fee described in Section 10.1(d) of the Asset Purchase Agreement (the "Bidding Procedures Order"); and

Due notice of the proposed Sale, the Motion, this Order, the Bidding Procedures Order, and the Sale Hearing having been given to all parties entitled to notice under the Bidding Procedures Order, as evidenced by the Certificates of Service and notice of publication previously filed with this Court and affirmed on the record in this proceeding; and

An auction having been conducted by the Debtor on February 14, 2006, at which time "Qualified Bidders", as defined in the Bidding Procedures Order, were given the opportunity to bid for the "Purchased Assets", as defined in the Amended and Restated Asset Purchase Agreement described below, and the Debtor having received multiple bids from Xiotech Corporation and one other Qualified Bidder, the highest and best bid together with other good and valuable consideration having been received from Xiotech Corporation (the "Purchaser"), and the Debtor and the Purchaser having entered into an Amended and Restated Asset Purchase Agreement dated as of February 14, 2006 (the "Amended and Restated Asset Purchase Agreement"), setting forth the terms and conditions of the Purchaser's highest and best bid at the auction; and

The Sale Hearing having been held before this Court on February 14, 2006, to approve the Sale pursuant to the Amended and Restated Asset Purchase Agreement, at which time all parties in interest were afforded an opportunity to be heard, and the Court having considered the evidence both for and against approval of the Sale to be effective as of the "Closing Date" as defined in the Amended and Restated Asset Purchase Agreement.

NOW, THEREFORE, based upon all of the pleadings previously filed by the Debtor and other interested parties in connection with the Bidding Procedures Order, the Motion, the Sale, the evidence presented, attested to, or adduced at or in connection with the Sale Hearing, and upon the entire record of the Sale Hearing, and after due deliberation thereon, and good cause appearing therefore;

IT IS HEREBY FOUND AND DETERMINED AS FOLLOWS:

**I.
FINDINGS OF FACT:**

The Court hereby makes the following Findings of Fact:

A. Basis For Section 363 Sale

1. Time is of the essence in consummating the Sale. Accordingly, to maximize the value of the Purchased Assets it is essential that the sale of the Purchased Assets occur within the time constraints set forth in the Amended and Restated Asset Purchase Agreement.

2. CapitalSource and the Official Committee of Unsecured Creditors, the parties in interest most adversely effected by continued diminution in the value of the Debtor's estate, have thoroughly reviewed the Debtor's alternatives and have consented to the Sale pursuant to 11 U.S.C. § 363(f).

3. The Purchased Assets are property of the Debtor's estate and title thereto is vested in the estate.

4. There is no substantial likelihood that a rehabilitative plan of reorganization (as opposed to a plan of liquidation) can be proposed and confirmed in the near future.

B. Notice of Sale of The Purchased Assets

5. The Notice of the Sale Hearing, pursuant to the Certificates of Service filed with the Court by the Debtor on February 14, 2006, was transmitted to: (a) the Office of the United States Trustee; and (b) all (i) parties designated by the Court in the Bidding Procedures Order, (ii) entities known to the Debtor to possess and/or exercise any control over any of the Purchased Assets, (iii) entities known to the Debtor to assert any rights in any of the Purchased Assets, (iv) parties in interest and other entities and persons so entitled to notice and that are known to the Debtor, (v) parties having expressed interest in acquiring the Purchased Assets, (vi) entities that have requested notice in the Debtor's Chapter 11 case, and (vii) holders of equity securities in the Debtor.

6. An advertisement for the sale was published in The Day and The New York Times.

7. The Notice was adequate and sufficient under the circumstances of the Chapter 11 case and this proceeding and complied with the various applicable requirements of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and the procedural due process requirements of the United States Constitution.

8. One bidder other than the Purchaser was qualified to make bids for the Purchased Assets and one bidder other than the Purchaser made bids at the auction on February 14, 2006.

C. Good Faith of Purchaser

9. The Purchaser is purchasing the Purchased Assets in good faith and is a good faith purchaser within the meaning of 11 U.S.C. § 363(m), and is therefore entitled to the protection of that provision, and otherwise has proceeded in good faith in all respects in connection with this proceeding in that (a) the Purchaser recognized that the Debtor was free to deal with any other party interested in acquiring the Purchased Assets, (b) the Purchaser agreed to the material provisions in the Bidding Procedures Order and made the highest and best offer for the Purchased Assets at the auction, (c) all payments to be made by the Purchaser and other agreements or arrangements entered into by the Purchaser in connection with the Sale have been disclosed, (d) the Purchaser has not violated 11 U.S.C. § 363(n) by any action or inaction, (e) the negotiation and execution of the Asset Purchase Agreement, the Amended and Restated Asset Purchase Agreement and any other agreements or instruments related thereto was in good faith, and (f) the Purchaser's highest and best bid was attained after competitive bidding in a public auction conducted in the presence of the estate's professionals and other interested parties.

D. Competing Offers

10. At the auction held on February 14, 2006, at the law offices of Neubert, Pepe & Montieth, P.C., 195 Church Street, 13th Floor, New Haven, Connecticut, various competing offers for the Purchased Assets were submitted by the Purchaser and one other Qualified Bidder via competitive bid. The Purchaser's final offer at the auction was considered higher and better than any other competing offers. After due deliberation, the Debtor, after consultation with the CapitalSource and the Official Committee of Unsecured Creditors, has recommended that the Purchaser's final offer at the auction, as set forth in the Amended and Restated Asset Purchase Agreement, be approved by the Court.

E. Approval Of Motion

11. Evidence supporting each of the findings of fact contained in this Order has been presented to this Court.

12. The Purchaser is a third party purchaser unrelated to the Debtor.

13. The purchase and sale terms, as set forth in the Amended and Restated Asset Purchase Agreement, are fair and reasonable under the circumstances of this Chapter 11 case and this proceeding.

14. The Motion should be approved as it is in the best interests of creditors.

15. The Amended and Restated Asset Purchase Agreement represents a fair and reasonable offer for the Purchased Assets under the circumstances of this Chapter 11 case and this proceeding.

16. The Sale is not being entered into in order to escape liability for the debts of the Debtor's estate.

17. The proceeds of the Sale of the Purchased Assets are proportionately higher than the Debtor would obtain from the sale of the Purchased Asset in a liquidation.

18. There is insufficient and inadequate ability to capitalize the existing business of the Debtor to remain viable and no rehabilitative plan of reorganization is likely in this Chapter 11 case.

F. The Purchaser is Not a Mere Continuation of the Debtor

19. The following findings of fact relate to the conclusions of law set forth in Section II, subsection D, Paragraph 11, below:

a. Those of the Debtor's employees who are to be hired by the Purchaser are being hired under new employment contracts or other arrangements to be entered into or to become effective at or after the "Closing" as defined in the Amended and Restated Asset Purchase Agreement.

b. No common identity of incorporators, directors, or stockholders exists between the Purchaser and the Debtor.

c. The Purchaser is not purchasing any of the Debtor's assets which do not comprise property of the Debtor's bankruptcy estate.

d. The Sale is not being entered into fraudulently. The Sale has been properly noticed.

G. Miscellaneous

20. To the extent any Findings of Facts set forth in Section I, Paragraphs 1-18 and all sub-parts thereof herein constitute Conclusions of Law, the Court so concludes.

**II.
CONCLUSIONS OF LAW:**

The Court hereby makes the following Conclusions of Law:

A. Jurisdiction, Final Order And Statutory Predicates

1. The Court has jurisdiction to hear and determine the Motion and to grant the relief requested in the Motion pursuant to 28 U.S.C. §§ 157(b) and 1334.

2. This Order constitutes a final and appealable order within the meaning of 28 U.S.C. § 158(a). To any extent necessary under Bankruptcy Rule 9014 and Rule 54(b) of the Federal Rules of Civil Procedure, as made applicable by Rules 7054 and 9014 of the Federal Rules of Bankruptcy Procedure, the Court expressly finds that there is no just reason for delay in the implementation of this Order, and expressly directs entry of judgment as set forth herein.

3. This proceeding is a "core proceeding" within the meaning of 28 U.S.C. § 157(b)(2)(A), (N) and (O).

4. The statutory predicates for the Motion are 11 U.S.C. §§ 105(a), 363(b) and 363(f) and Rules 2002(a)(2), 6004(a), (b), (c), (e), (f) and (h), 9014, and 9019(a) of the Federal Rules of Bankruptcy Procedure.

5. The proposed Sale constitutes a sale of assets of the Debtor's estate other than in the ordinary course of business within the meaning of 11 U.S.C. § 363(b) and free and clear of interests within the meaning of 11 U.S.C. § 363(f).

B. Section 363 Sale

6. The Purchased Assets are property of the Debtor's estate and title thereto is vested in the estate.

7. The Debtor is authorized to sell property of its estate other than in the ordinary course of business, pursuant to 11 U.S.C. § 363(b), free and clear of "Liens", as defined in the Amended and Restated Asset Purchase Agreement, pursuant to 11 U.S.C. § 363(f).

8. CapitalSource has consented to the sale of the Purchased Assets on which it possesses or asserts Liens and agrees that its Lien interests shall attach to the proceeds of the Sale to the same extent and validity as its interest may appear and in the same priority presently existing, and no secured creditor has objected to the Motion.

9. Given all of the circumstances of this Chapter 11 case and the adequacy and fair value of the Purchase Price under the Amended and Restated Asset Purchase Agreement, the proposed Sale of the Purchased Assets to the Purchaser constitutes a reasonable and sound exercise of the Debtor's business judgment and should be approved.

C. Retention of Jurisdiction

10. It is necessary and appropriate for the Court to retain jurisdiction to interpret and enforce the terms and provisions of this Order and the Amended and Restated Asset Purchase Agreement and to adjudicate, if necessary, any and all disputes concerning any right, title, (alleged) property interest, including ownership claims, relating to the Purchased Assets and the

proceeds thereto, as well as the extent, validity and priority of all Liens relating to the Purchased Assets.

D. No Successor Liability

11. The Purchaser does not constitute a successor to the Debtor or its estate.

a. The Sale does not amount to a consolidation, merger or *de facto* merger of the Purchaser and the Debtor or its estate.

b. The Purchaser is not merely a continuation of the Debtor or its estate, there is not substantial continuity between the Purchaser and the Debtor or its estate, and there is no continuity of enterprise between the Debtor or its estate and the Purchaser.

E. Miscellaneous

12. The proposed Sale satisfies the standards set forth for the sale of substantially all of the assets of a Chapter 11 estate outside of a plan of reorganization set forth in *In re Lionel Corp.*, 722 F.2d 1063 (2d. Cir. 1983).

13. To the extent that any Conclusion of Law set forth in Section II, Paragraphs 1-12 and all sub-parts thereof herein constitutes a Finding of Fact, the Court so finds.

Based on the foregoing Findings of Fact and Conclusions of Law,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED, EFFECTIVE IMMEDIATELY, AS FOLLOWS:

A. The relief requested in the Motion is granted and approved in all respects. The Amended and Restated Asset Purchase Agreement and the Sale are hereby approved in all respects.

B. The Debtor is authorized and directed to take any and all actions necessary or appropriate to (i) consummate the Sale of the Purchased Assets to the Purchaser (including, without limitation, to convey to the Purchaser any and all of the Purchased Assets intended to be conveyed) and the Closing of the Sale in accordance with the Motion, the Amended and Restated

Asset Purchase Agreement and this Order, and (ii) perform, consummate, implement and close fully the Amended and Restated Asset Purchase Agreement together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Amended and Restated Asset Purchase Agreement.

C. Upon the Closing, the Purchased Assets transferred, sold, and delivered to the Purchaser shall be free and clear of Liens, including, without limitation, all encumbrances, interests, obligations, liabilities, contractual commitments, claims, including, without limitation, any theory of successor liability, *de facto* merger, or substantial continuity, whether based in law or equity, any security interest, mortgage, lien, charge against or interest in property, adverse claim, claim of possession, right of way, license, easement or restriction of any kind, including, without limitation, any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership or any option to purchase, option, charge, retention agreement that is intended as security or other matters of any person or entity including, without limitation, CapitalSource, that encumber or relate to or purport to encumber or relate to the Purchased Assets, except only the "Permitted Liens", if any, as defined in the Amended and Restated Asset Purchase Agreement. By purchasing and acquiring the Purchased Assets, the Purchaser does not assume or become subject to any Lien, claim or liability except as expressly set forth in the Amended and Restated Asset Purchase Agreement.

D. The Purchaser is not a successor to the Debtor or its estate by reason of any theory of law or equity and the Purchaser shall not assume or in any way be responsible for any liability or obligation of the Debtor or its estate, except as otherwise expressly provided in the Amended and Restated Asset Purchase Agreement.

E. Each and every term and provision of the Amended and Restated Asset Purchase Agreement, together with the terms and provisions of this Order, shall be binding in all respects upon the Debtor, its estate, its creditors and its equity security holders, all entities and third parties and their respective successors or assigns, including, without limitation, all non-Debtor parties to executory contracts or unexpired leases that may be assigned to the Purchaser under the Amended and Restated Asset Purchase Agreement and persons asserting any Lien against or interest in the Debtor's estate or any of the Purchased Assets to be sold and assigned to the Purchaser irrespective of any action commenced that contests the Debtor's authority to sell and assign the Purchased Assets or that seeks to enjoin such Sale and/or assignment.

F. Except as otherwise expressly provided in the Amended and Restated Asset Purchase Agreement, any entity holding Liens of any kind and nature is hereby barred from asserting such Liens against the Purchaser and/or the Purchased Assets and, effective upon the transfer of the Purchased Assets to the Purchaser at the Closing, the Liens shall attach to the proceeds of the Sale with the same force, validity, priority and effect, if any, as the Liens formerly had against the Purchased Assets.

G. This Order: (a) is and shall be effective as a determination that, upon Closing, all Liens existing as to the Purchased Assets conveyed to the Purchaser, other than the Permitted Liens, have been and hereby are adjudged and declared to be unconditionally released, discharged and terminated, and (b) shall be binding upon and govern the acts of all entities, including, without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies or units, governmental departments or units, secretaries of state, federal, state and local officials and all other persons and entities who may be required by operation of law, the duties of their office, or

contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the Purchased Assets conveyed to the Purchaser; and (c) adjudges and declares that all Liens of record as of the date of this Order, other than the Permitted Liens, shall be forthwith removed and stricken as against the Purchased Assets. All such entities described above in this Paragraph G are authorized and specifically directed to strike all such recorded Liens against the Purchased Assets, other than the Permitted Liens, from their records, official and otherwise and including, without limitation, the Liens asserted by CapitalSource.

H. If any person or entity that has filed statements or other documents or agreements evidencing Liens on, or interests in, the Purchased Assets, other than the Permitted Liens, shall not have delivered to the Debtor prior to the Closing, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of liens and easements, and any other documents necessary for the purpose of documenting the release of all Liens that the person or entity has or may assert with respect to the Purchased Assets, the Debtor is hereby authorized and directed to execute and file such statements, instruments, releases and other documents on behalf of such person or entity with respect to the Purchased Assets.

I. Any and all Purchased Assets in the possession or control of any person or entity, including, without limitation, any former vendor, supplier or employee of the Debtor (a) shall be transferred to the Purchaser free and clear of all Liens, other than the Permitted Liens, and (b) shall be delivered at the Closing to the Purchaser at 11 Stott Avenue, Norwich, Connecticut.

J. Nothing contained in any order of any type or kind entered in this Chapter 11 case or any related proceeding subsequent to entry of this Order shall conflict with or derogate from the provisions of the Amended and Restated Asset Purchase Agreement or the terms of this

Order, including, without limitation, any plan of reorganization (whether a liquidating plan or otherwise) of the Debtor.

K. No bulk sales law or any similar law of any state or other jurisdiction shall apply in any way to the Sale.

L. The failure specifically to include any particular provision of the Amended and Restated Asset Purchase Agreement in this Order shall not diminish or impair the efficacy of such provision, it being the intent of the Court that the Amended and Restated Asset Purchase Agreement and each and every provision, term, and condition thereof be and, therefore, is authorized and approved in its entirety.

M. The sale of the Purchased Assets pursuant to the Amended and Restated Asset Purchase Agreement is hereby approved and the bid of the Purchaser as set forth in Amended and Restated Asset Purchase Agreement is hereby deemed to be the highest and best offer for the acquisition of the Purchased Assets.

N. This Order shall be effective immediately upon entry and Federal Rule of Bankruptcy Procedure 6004(h) is waived, and no automatic stay of execution, pursuant to Rule 62(a) of the Federal Rules of Civil Procedure, applies with respect to this Order.

FILED February 16, 2006

Lorraine Murphy Weil
Lorraine Murphy Weil
U.S. Bankruptcy Judge

Cotton, Inc.						
Cash Budget						
For the week from 2/13/06 to 2/17/06						
Payee	Budget 2/13-06	Spent 2/13-06	Spent 2/13-16/06	Act vs. Bud Difference	Cash Flow Category	For
Payroll		474	328,000	(674)	Employee Payroll	
Employee withholdings	22,000	23,144	22,000	(1,144)	401k, Ben, garnishment, LTD, STD	
Business Insurance	30,000	4,742	0	25,258	PC, W/C, GL and D&O Insurance	
Medical/dental insurance	0	0	64,400	0	Medical/dental insurance	
Community Parking		0	320		Parking for Dupont	
Petty Cash	2,500	0		2,500	Van travel, fuel purchases	
Material & Supplies	3,500	2,772	4,885	826	Production supplies (paper, CD's, etc)	
Freight	1,500	1,002	2,172	288	Shipping	
Maintenance and other	0	0	5,782	0	Maintenance, licenses and other	
SBC		0	8,608		Monthly telephone service	
Various employees	4,200	3,730	12,149	470	Ex business expenses	
Kevin Kelly		0	3,500		IT Consultant	
Employee reference source		0	755		Employee screening svcs	
Other Group		0	15,000		Outside Service - \$8,720, plus adv of \$6,280	
Payroll Services	8,000	2,874	1,000	3,126	Payroll processing services	
Spending totals	70,000	38,737	488,551	\$1,283		
Leasehold Factor (10%)	7,000			7,000		
Total Available	77,000			24,283		
Beginning balance	110,000	110,000	368,218			
Budgeted expenses not yet paid		38,288		0		
Cash Collected		383,218	400,000		Includes \$160k expected to be rec'd today/tomorrow	
Total Cash Available	53,000	368,218	317,836			
Cumulative spending		38,737	507,288			

2/14/2006

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